

## CHAPTER III

### THE OPERATION OF SIMPLIFIED REPORTING IN THE FIELD

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**I**n the study states, the operation of food stamp simplified reporting at the field level generally includes the following processes:

- Assigning a food stamp case to simplified reporting
- Notifying the recipient of changed reporting requirements under simplified reporting
- Determining what food stamp action to take with respect to interim changes, that is, changes *other than* the semiannual report, that are reported *during* the certification period
- For states using 12-month certification periods, processing semiannual reports
- Recertifying food stamps and removing cases from simplified reporting

This chapter examines the major elements of case processing and notes different operational approaches used in the implementation of simplified reporting in the study states.

#### **A. ASSIGNMENT TO SIMPLIFIED REPORTING**

A food stamp household typically is assigned to simplified reporting at application or recertification, although assignment also may occur when a household reports earnings during the certification period in a state that extends simplified reporting only to households with earnings. In all study states, the automated system identifies households for simplified reporting and assigns the appropriate certification period.

In both Missouri and Arizona, which extend simplified reporting to households with and without earnings, the computer automatically assigns the households to simplified reporting, typically at application or recertification. In Ohio (and in Louisiana at the time of our site visit), the automated system identifies households for simplified reporting and

assigns a 6-month certification period when earnings are coded. Louisiana has since expanded simplified reporting to include nonearners, and the computer identifies which households should *not* be included in simplified reporting and assigns all appropriate households to simplified reporting.

For those states extending simplified reporting only to households with earnings, a household might qualify for simplified reporting when it reports earnings between reviews. In Ohio, when a household first reports earnings during a certification period, the caseworker codes the earnings; the automated system then assigns the case to simplified reporting and extends the certification period by resetting it for a new 6-month period. If, however, the extension would result in a certification period longer than 12 months, the family is not placed in simplified reporting until the next review, with the certification period remaining unchanged. The caseworker checks the system to see that it correctly handled the process. The county office we visited in Ohio reported that the process of identifying when the certification period could or could not be extended poses a relatively minor burden but is one of the few complexities associated with the implementation of simplified reporting.

## **B. NOTIFICATION OF REPORTING REQUIREMENTS**

In all of the states we visited, caseworkers typically explain simplified reporting requirements to clients at the in-person interview for application or recertification. In addition, the household's award letter provides information about the reporting requirements, including the household's income reporting threshold of 130 percent of the federal poverty level. Some states also use additional forms and reminders. All study states exhibited considerable variation in the content as well as in the emphasis of the reporting requirements message. One important variable was the reporting requirements for the household's receipt of benefits from other programs.

**Income over 130 Percent of Federal Poverty Level.** In all four states, the award letter states the specific dollar amount that represents 130 percent of the federal poverty level for that household. Of the four states, Ohio placed the greatest emphasis on the requirement to report changes that push income over 130 percent of the federal poverty level. In addition to the system-generated award notice about the 130 percent reporting requirement and specification of the household's reporting threshold, Ohio caseworkers delivered—at application or recertification—an oral explanation of the reporting requirement to all households placed in simplified reporting. Caseworkers in Ohio also write a household's trigger amount on the Earned Income Reporting form when handing the form to the client and urge the individual to check his or her income each month to see if the trigger is met. Ohio also sends an automatically generated reminder notice in the middle of the certification period that reinforces the message to report income that pushes the household over 130 percent of the federal poverty level. State officials report that some clients send in the report each month whether or not the income exceeds 130 percent of the federal poverty level.

**Reporting Changes in Other Programs.** In all study states except Louisiana, the caseworker responsible for explaining that only limited interim changes need to be reported

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for food stamps (income over 130 percent of the federal poverty level) is also responsible for instructing the client to report all changes for other benefits received by the household. (Most simplified reporting households receive some other benefit such as TANF or Medicaid.) Louisiana, by contrast, is the only study state that delivered a single, clear message about the need to report changes for jointly administered programs; a family is required to report interim changes only when its income exceeds 130 percent of the federal poverty level for child care, TANF, or food stamps.<sup>1</sup> In Arizona, caseworkers instructed simplified reporting households receiving TANF to report interim changes for TANF only if their income exceeded the TANF threshold but directed clients to report all changes for Medicaid.

**Semiannual Reporting Requirement.** The caseworkers we interviewed during our Arizona site visit indicated that they stress an oral message that urges clients to complete and return their semiannual report. The caseworkers explained that, since the 130 percent of the federal poverty level reporting requirement is set forth in the award letter, they did not see the need to review this requirement; moreover, given that most households also received Medicaid, families were still required to report all changes.

### C. DETERMINATION OF ACTIONS ON INTERIM CHANGES REPORTED OR KNOWN

In all four study states, caseworkers continue to learn of changes—other than those that recipients are required to report—between reviews or semiannual reports. Caseworkers learn about changes when recipients report a change for food stamps or another benefit program or as a result of a system’s cross-match. Sometimes clients report a loss of income that would lead to increased food stamps, but they often report other changes as well, even though reporting is not required for food stamps and could even lead to a decrease in food stamp benefits.

Under federal food stamp rules, when a change is reported or otherwise known to the agency, the caseworker must act only on positive changes, that is, those changes that would increase food stamps unless an exception to the positive-only rule is met. However, Louisiana, Ohio, and most states with simplified reporting have obtained a waiver of the positive-only rule such that the caseworker must always take action on all known changes. Table III.1 summarizes the types of actions taken by caseworkers in each study state with respect to various types of change reports.

**Income Exceeding 130 Percent of the Federal Poverty Level.** In all states, caseworkers must act on a change when clients report income exceeding 130 percent of the federal poverty level. In such an instance, a client’s statement of changed income level generally is sufficient verification for the caseworker to take action; the household is

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<sup>1</sup> At the time of the site visit, child care recipients were also required to report a change in child care provider. Louisiana has subsequently added two more changes that must be reported for child care: if a child receiving child care benefits moves out of the home or if any parent or adult household member is no longer employed or participating in education or training.

**Table III.1. Actions Taken on Food Stamps When Changes Are Reported or Otherwise Known Between Semiannual Reports or Recertifications**

Circumstances or Impact of Change	States Acting on Positive Changes Only (Federal Rules)		States Acting on All Changes (Waiver)	
	Arizona	Missouri	Louisiana	Ohio
Change is income over 130 percent of federal poverty level	Close food stamp benefits <sup>a</sup>	Close food stamp benefits <sup>a</sup>	Close food stamp benefits <sup>a</sup>	Close food stamp benefits <sup>a</sup>
Change would increase food stamps; verification provided	Act on change	Act on change	Act on change	Act on change
Change would increase food stamps; verification requested and not provided	Close food stamp benefits <sup>b</sup>	No action; continue food stamp benefits unchanged	Varies among caseworkers <sup>d</sup>	Close food stamp benefits <sup>b</sup>
Change would decrease food stamps	Do not act on change unless exception met	Do not act on change unless exception met	Act on change	Act on change
Change is verified upon receipt (exception)	Act on change	Act on change	Act on change	Act on change
Change leads to action on TANF grant (exception)	Act on change; if TANF closes, food stamps go to TBA <sup>c</sup>	Act on change	Act on change	Act on change

<sup>a</sup>If household is “categorically eligible,” the 130 percent test does not apply, and food stamps will continue unless, based on a calculation, the family is not eligible for any food stamps.

<sup>b</sup>If change affects only a deduction, then the caseworker will not increase food stamps based on unverified change but will not close food stamp benefits.

<sup>c</sup>Given that Arizona extends simplified reporting to TANF, the state acts only on negative changes to the TANF grant if it exceeds the TANF income cut-off or the change is verified upon receipt.

<sup>d</sup>Subsequent to our site visit, Louisiana issued a policy clarification directing that no action be taken in these circumstances; food stamp benefits continue unchanged.

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ineligible, and the caseworker simply closes the case.<sup>2</sup> When caseworkers discussed the typical issues and particular challenges relating to change actions under simplified reporting, they rarely mentioned client reports of income exceeding 130 percent of the federal poverty level.

**Acting on Positive Changes Only (Arizona and Missouri).** Upon learning of an interim change, the primary task faced by caseworkers in states without a waiver is to determine if the change requires action, that is, whether it is a positive change or, if a negative change, whether an exception to the positive-only rule has been met. The decision of whether the change is positive or not largely is automated and does not pose a challenge to the caseworker. The challenging task is determining whether, when a change is negative (i.e., would cause a reduction in benefits), the change should be acted on anyway because an exception to the positive-only rule has been met. The 3 exceptions to the positive-only rule follow: the household voluntarily requests case closure; there is a change in the TANF (or in some areas, General Assistance) grant; and the information about the change is considered verified upon receipt. Of these, the most complex exception involves a change that is considered “verified upon receipt” or VUR. This issue arises only in states that follow the positive-only federal rule and does not arise in states with a waiver to act on all changes.

States have latitude in how they define VUR. The federal rules set forth the exception but do not define it. FNS has provided some guidance in its Questions and Answers. Arizona instructs staff to consider a change as VUR when the information is received from the source, when the information is not questionable, and when no further information is needed to take action. Missouri uses a similar definition. However, subtle but important differences in operation emerged from examining how these two states determine that information is considered VUR. Missouri interprets VUR more narrowly, with the result that fewer changes that reduce food stamps meet the exception and thus require action.

Specifically, Missouri emphasizes that the information must be literally *received* directly *from* the source, whereas Arizona looks to the *underlying* source of the information, not who submits the information to the food stamp office. This difference is illustrated by an example of a recipient reporting a pay increase and submitting recent wage stubs. In Missouri, wage stubs provided by a food stamp household are *not* considered VUR because they came from the household rather than from the source (employer); thus, no action would be taken to reduce food stamps under the VUR exception. In Arizona, the wage stubs *are* considered VUR because they are verification from the source (employer) even though someone other than the employer submitted them to the food stamp office.

Another difference in interpretation between these two states occurs when the criterion that “no further information is needed to take action” can be met. Missouri’s interpretation

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<sup>2</sup> In all states, the verification required to take an action might differ if the change resulted in a decrease or increase in benefits. For example, a client’s statement is sufficient basis to close a case if income exceeds 130 percent of the federal poverty level, whereas additional verification would be required to take a positive (increase) action.

is that if any verification must be requested to act on the change in another program such as Medicaid, it is by definition *not* VUR. Arizona, in contrast, considers a change as one that can become VUR once verification that has been requested for another program such as Medicaid has been provided. (See further discussion of the impact of this difference in the box on change reports for other programs.) A state can choose either approach to interpreting these issues. Under FNS policy, documentation may constitute verification for taking action in another program such as Medicaid without a state being required to consider the change verified upon receipt for the purposes of the exception to the food stamp positive-only rule.

**Waiver to Act on All Changes (Ohio and Louisiana).** Given that Ohio and Louisiana have a waiver to act on all changes, caseworkers do not need to identify whether a change is to be acted on or not. Once a caseworker learns about a change, he or she simply takes action. If the caseworker does not have sufficient information to act on the change, he or she requests it. (See box about caseworker actions when additional information needed to act on food stamps is requested but not provided.) In Ohio, the caseworker can close food stamps if requested verification is not received, even if the change is not one that was required to be reported and would have increased food stamps. In Louisiana, now that the state has provided clarification of the policy, the caseworker would not take any action on changes *that would increase* food stamps if the verification is not provided; benefits would continue unchanged.

#### **D. PROCESSING OF SEMIANNUAL REPORTS (ARIZONA AND LOUISIANA ONLY)**

In both Arizona and Louisiana, automated systems support the semiannual report procedure. In Arizona, the semiannual report is a combined TANF and food stamp report for families receiving both benefits. In Louisiana, the semiannual report is a combined TANF, child care, and food stamp report for families receiving all of these benefits. Neither state uses a prepopulated form, although Louisiana staff recommends that states try to do so.

Computers automatically generate the two states' semiannual reports; they also generate a reminder notice if the report has not been processed. In addition, the systems automatically close benefits at the end of the 6th month if a complete report has not been received or processed. (In Louisiana, the TANF and food stamp cases would be closed in such a circumstance, but not child care.) If a semiannual report is returned but is not complete, the caseworker requests additional information or verification. In the case of no changes, no verification is needed unless circumstances are questionable. Processing a timely and complete report proved smooth and simple in both states; in Louisiana, processing requires the entry of one simple code.

Louisiana staff noted both a high percentage of case closures and subsequent reapplications as a consequence of the failure to return the semiannual report. At the time we visited Arizona, the state had not yet completed its first cycle of semiannual reports, but it subsequently experienced a significant number of case closures for failure to submit the semiannual report.

### **Change Reporting in Other Benefit Programs Can Result in Satisfying an Exception to the Positive-Only Rule**

Households often report and verify changes because they are required to do so for other program benefits they receive. As one local office administrator put it, the office handled few “pure” food stamp cases—that is, those subject *only* to the 130 percent federal poverty level reporting requirement. In some instances, the reporting and verification of a change in other programs—Medicaid or TANF—can result in the change’s meeting an exception to the food stamp positive-only rule. The caseworker thus may act on the change for food stamps even if the change otherwise would not need to be reported or acted on under food stamp simplified reporting. This can occur either because the change affects the TANF grant or because the change is VUR.

First, a change reported for and acted on in TANF would result in the change being acted on in food stamps under an exception to the positive-only rule. This arose to a greater extent in Missouri than in Arizona because Arizona also extended simplified reporting to TANF, which meant that many changes were not acted on in TANF.

In addition, a change reported for another program could be considered verified upon receipt for food stamps. This arose to a greater extent in Arizona, which did not use as narrow an interpretation of VUR as Missouri. In particular, the Medicaid reporting requirements interacted with the VUR exception to the positive-only rule to result in the exception being met. In Arizona, when a household reports a change, the caseworker might request verification in order to act on the change in Medicaid. If the verification *is provided*, the change becomes VUR and the caseworker must act on it in food stamps. If, however, the verification requested for Medicaid *is not provided*, the caseworker would have to act to close Medicaid but would take no action in food stamps as the VUR exception is not met. One caseworker candidly explained that she preferred to receive incomplete information for Medicaid so that she could request clarification and verification, which, when received, would make the change report VUR and result in a food stamp action. The increased income amount ultimately might not even have affected Medicaid eligibility, but the process of clarifying and verifying the amount of income under the auspices of Medicaid transformed the report into a basis for adjusting food stamps. While the food stamp benefits *could not be* closed if the household *failed* to provide the verification requested for Medicaid purposes (but Medicaid could be), the food stamp benefits *could be* reduced or closed based on the information, *if it is provided*. Such a result would not occur in Missouri due to subtle differences in when a change is considered VUR.

### **Implications of Different Approaches to Requesting Additional Information**

For all four study states, a caseworker might need additional information or verification before taking action on food stamps in response to a reported change. (Such an eventuality arises for positive changes in Arizona and Missouri and for all changes in Louisiana and Ohio—states with waivers to act on all changes.) For example, if a recipient reports reduced hours and wages, the caseworker will need a pay stub or some other evidence from the employer before increasing food stamp benefits.

Two of the states we visited—Ohio and Arizona—used the formal Request for Contact procedure by which the caseworker requested the additional verification; if the information is not forthcoming, the caseworker closes food stamp benefits. (If the unverified change is an increased deduction, the caseworker neither acts on the change nor closes food stamps.) Under this approach, the client's failure to provide the requested verification of change can lead to the anomalous result that a client can lose food stamp benefits entirely by reporting a change that was not required to be reported and that should lead to increased food stamp benefits.

Missouri takes a different approach and informally requests the additional verification it needs to make a positive change; if the verification is not forthcoming, the state makes no change. In such a case, the client is subject to neither an increase nor decrease in food stamps. At the time of the team's visit to Louisiana, in the absence of a state policy on this issue, the approach to additional verification varied by caseworker. The state has since set forth a policy clarification that benefits are not be closed if verification is not provided for a change that would lead to an increase in benefits. Table 3.1 sets forth the various state approaches.

FNS discusses the advantages of the informal approach over the formal Request for Contact in Additional Questions and Answers Regarding the Food Stamp Program Certification Provisions of the Farm Bill, Question 4109-19, [http://www.fns.usda.gov/fsp/rules/Legislation/2002\\_farm\\_bill/farbill-QAs-II.htm](http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farbill-QAs-II.htm).

## **E. RECERTIFICATION**

In all study states, food stamp recertification under simplified reporting follows the same procedures as for any other food stamp recertification. The primary difference under simplified reporting is that recertifications occur less frequently—once or twice a year rather than every 3 months in some states.



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**Recertification Process.** Typically, the automated system issues a Notice of Expiration in the middle of the month before the last month of the certification period, requiring the recipient to apply for recertification and provide verification of circumstances. The offices we visited in the study states required an in-person interview at every recertification except when individuals were granted a waiver of such interview, although we observed some discrepancy on this issue in one state between the local office practice (of always requiring a face-to-face interview at 6 months) and state office policy (of requiring a face-to-face interview only once a year).

**Exit from Simplified Reporting.** When a household no longer qualifies for simplified reporting, its status changes at the time of recertification. In other words, a household is not removed from simplified reporting status during a certification period even if it no longer receives earnings (for those states that limit simplified reporting to households with earnings).

**Alignment of Renewal with Other Benefit Programs.** Generally, food stamp recertification is synchronized with renewals for a family's receipt of other benefits that are administered by the same caseworker and same office. (None of the study states aligned renewal dates or processes for programs administered through a different unit or agency, such as Medicaid in Louisiana or child care in Arizona and Ohio.) Sometimes, as in Louisiana, all programs were aligned in a single annual review. In other states, where some programs were reviewed more frequently than others, the reviews were still synchronized when due. For example, in Missouri, recertification for food stamps at 6 months results in updating TANF and Medicaid (which require annual reviews) without any additional action required of the family. In Arizona, however, we observed that annual aligned cash and food stamp renewals did not always coincide with the semiannual Medicaid reviews, although the same caseworker handled the benefits. Arizona requires in-person interviews for Medicaid every 6 months and, when reviews are not aligned, the household may need to visit the office a third time for the annual food stamp recertification interview.